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USDA FOR SECRETARY VILSACK

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SUBJECT: SECRETARY VILSACK LEADS U.S. AGRIBUSINESS TRADE AND
INVESTMENT MISSION TO THE PHILIPPINES

¶1. (SBU) Summary: U.S. Secretary of Agriculture Tom Vilsack led a U.S. Trade and Investment Mission (TIM) to the Philippines October 24 - 27, 2009. The Secretary's visit, less than one month after the Philippines was hit by two major storms, highlighted the USG's continuing support of a long-standing ally during a time of need. The Secretary announced the donation of 7,000 metric tons of rice and 680 metric tons of powdered milk from USDA's Food for Progress program to help feed the hundreds of thousands still affected by flooding and landslides caused by the storms. The Secretary also discussed food security and climate change with President Macapagal-Arroyo, visited the International Rice Research Institute, a flour mill that uses U.S. wheat, and a school that is benefiting from U.S. food aid donations. The TIM, which facilitated meetings between 15 U.S. companies and approximately 100 agribusinesses from the Philippines, resulted in several solid business deals. End summary.

¶2. (SBU) U.S. Secretary of Agriculture Tom Vilsack visited the Philippines October 24-27 accompanied by a Trade and Investment Mission (TIM) of more than 15 representatives from U.S. agribusinesses and business associations seeking to establish or expand commercial links with Philippine companies. Approximately 100 companies from the Philippines also took part in the TIM, which continued on for two days after the Secretary's departure. This was the first TIM of its kind to the Association of Southeast Asian Nations (ASEAN) region. Several U.S. and Philippine companies reported successful business transactions while others developed solid leads to take advantage of increasing market opportunities.

¶3. (SBU) Secretary Vilsack's visit came less than a month after two storms struck Metro Manila and northern Luzon island, causing nearly 1,000 deaths, 700,000 persons displaced from their homes, and hundreds of millions of dollars in damage to households and crops. He arrived at a time when Philippine government resources were strained by the response to the disasters, and he was able to add to the goodwill and gratitude created by the USG's energetic response to these storms.

Secretary Sees 30 Years of USG-GRP Cooperation at IRRI

¶4. (SBU) At the International Rice Research Institute (IRRI), an institution founded by the Ford and Rockefeller Foundations in 1960, Secretary Vilsack inspected the world's most comprehensive rice genebank, toured high-technology genetic laboratories and learned about ground-breaking rice research being funded by the Bill and Melinda Gates Foundation. After symbolically planting a new 'climate-change ready' rice plant developed at the institute, the Secretary thanked IRRI scientists for their vital contributions to rice productivity and food security, and lauded more than three decades of USG support of and cooperation with IRRI.

¶5. (SBU) At the Manila American Cemetery and Memorial, the Secretary laid a wreath in honor of the more than 17,000 dead and 36,000

missing soldiers, sailors and marines who are commemorated there. At the Memorial, he saw the name of his great uncle, a Congressional Medal of Honor winner, who died at sea during the Naval Battle of Guadalcanal.

USDA-Sponsored Dinner Meeting and Cooperator Reception

¶ 16. (SBU) The United States Department of Agriculture (USDA)-sponsored dinner meeting was attended by influential Filipino businesspeople including James Go, Chairman, Universal Robina Corporation; Teresita Sy-Coson, Chairman, Banco de Oro Unibank; George W. Drysdale, Chairman-Emeritus, Marsman-Drysdale Group of Companies; Jose A. Concepcion III, President & CEO, RFM Corporation; Francisco Alejo III, President, San Miguel PureFoods Co.; and David Co, EVP & General Manager, Foremost Farms. Secretary Vilsack thanked the attendees for their participation and outlined a variety of USDA programs, both domestic and international. The topics of discussion included food price increases due to crop damages caused by recent typhoons in the Philippines, surplus milk production by U.S. dairy farmers, school feeding programs both in the United States and the Philippines, the McGovern & Dole program, development of biotechnology in agriculture, and farmers loan/credit programs.

¶ 17. (SBU) The Secretary also met 11 Cooperator representatives, and thanked them for their commitment and support for U.S. agriculture exports and the unique partnership USDA has with Cooperators.

Meeting With Philippine Secretary of Agriculture Arthur Yap

¶ 18. (SBU) Over breakfast on October 26th, Secretary Yap expressed strong support for biotechnology, noting that that bio-engineered crops will be essential in enabling the Philippines to continue to feed its population, which is growing at about 2% annually. He expressed interest in visiting USDA's Agricultural Research Service laboratory in Hawaii to discuss research on saline-tolerant plants.

¶ 19. (SBU) Secretary Yap expressed concern about climate change, showing a sophisticated understanding of the policy instruments that are now being considered internationally to mitigate climate change and how they might affect agriculture. He asked if USDA could help provide satellite imagery to enable the Philippines to monitor crop production and watersheds and to identify areas vulnerable to landslides. He was advised that while USDA has the technical capacity to provide such assistance, outside resources would be necessary to support the work. (NOTE: USDA is now developing a draft proposal that might be used to solicit such funding.)

¶ 10. (SBU) Secretary Yap also expressed concern about global rice supplies in light of recent weather conditions in the Philippines, India, and China. He noted that high food prices can be destabilizing and suggested that an international food reserve might be of help to stabilize prices in the event of short supplies. Yap was advised that reserve schemes do not fit well with U.S. market systems.

Meeting with President Macapagal-Arroyo

¶ 11. (SBU) Secretary Vilsack expressed his sympathy to President Arroyo over the loss of life and property caused by tropical storm Ondoy and Typhoon Pepeng, and said he was prepared to provide 7,000 metric tons of rice and 680 metric tons of powdered milk under the USDA Food for Progress program. This would be sufficient to feed approximately 438,000 people for 60 days, he added. President Arroyo thanked him for the donation, and for all the USG assistance provided in response to the back-to-back natural disasters. She then turned to climate change, explaining that the Philippines was deeply affected and how the issue dominated discussions at the ASEAN summit she had just attended in Thailand. She expressed the hope that the upcoming Climate Change Conference in Copenhagen would result in binding targets, and urged the U.S. to be a leader in achieving this result.

¶12. (SBU) Secretary Vilsack underscored the USG's commitment to mitigate climate change, and noted that he is a member of a Cabinet-level group - the "Green Cabinet" - that meets on a monthly basis to discuss climate change and other environmental issues. He then explained the Administration's commitment to improving food security, highlighting USDA's "Know Your Farmer, Know Your Food" program, and emphasized the need to increase productivity through research and applied science. Both principals concluded by agreeing to build on the strong, trusting relationship between the Philippines and the United States.

Flour Mill and School Visits

¶13. (SBU) Secretary Vilsack toured a large, automated flour mill of the Universal Robina Corporation (URC), where he saw U.S. spring wheat being converted into flour for commercial and home use. URC officials said they had been using U.S. wheat for decades, and they preferred it over all others because of its consistent quality and high protein content, which produces a higher-quality flour ideal for bread baking. Secretary Vilsack then traveled to an inner-city school, Sagad Elementary, where he saw photos of the school's first floor inundated after the recent storms. Together with the Ambassador and Secretary Yap, he distributed USDA-donated high-energy biscuits and rice to the children.

¶14. (SBU) The Secretary's visit received widespread positive coverage by print and television media. He gave an in-depth interview on a widely-viewed business news program, and his meeting with President Arroyo and announcement of the donation of food was covered extensively.

Trade Mission Build Business Ties

¶15. (U) The Philippine TIM was initiated as a means to further promote two-way trade in a developing country which has a population growth rate of 2% per year. The Philippines is a staunch ally, and represents a gateway to Southeast Asia. This TIM was USDA's first in Asia, signaling the strategic importance of this bilateral relationship. Investment opportunities between the U.S. and Philippine businesses appear promising.

¶16. (U) Briefings at the TIM were presented by high level U.S. and Philippine government officials, as well as private sector agribusiness representatives both in Manila and Davao City. They were followed by one-on-one business-to-business meetings.

¶17. (U) The USDA delegation and U.S. agribusiness also had the opportunity to tour a banana processing facility and an aquaculture farm while in Mindanao.

¶18. (SBU) Comment: The Secretary's visit was a timely addition to the overall USG efforts to promote economic development and stability in the Philippines. It also added to the goodwill engendered by the U.S. Government's rapid and effective response to the damage wrought by the twin storms. The Secretary's donation of food at a critical time, and his engagement on key issues such as food security and climate change, underscored the USG's commitment to help the Philippines cope with the challenges of improving agricultural productivity, overcoming poverty and improving the lives of its citizens.

Kenney